

Washington State Health Care Authority

ADVISORY TEAM MEETING SUMMARY

K-12 HEALTH BENEFITS PROJECT

WEDNESDAY, NOVEMBER 9, 2011

PUGET SOUND EDUCATIONAL SERVICES DISTRICT

800 OAKESDALE AVENUE SW, RENTON, WA 98507

9 A.M. – NOON

PURPOSE:

The purpose of the November 9th Advisory Team meeting was to 1) present and hear feedback on a number of system design policy options related to cost modeling and development of the written Report to the Legislature, 2) update the team members on the data requests and status of responses, 3) provide a review of the online policy survey distributed to the Advisory Team along with a synopsis of responses, 4) gather any feedback on transparency and equity definitions presented at a previous meeting, and 5) share the projected timing for distribution of the final report and its public release.

Meeting Facilitators:

Peter Summerville, rialto-Pyramid

Tim Barclay, Milliman

John Williams, HCA

Materials Distributed:

- Agenda
- System Design Policy Working Document
- Supporting Data Exhibits from Milliman
- Online Policy Survey Responses

Additional Leadership and Support Team Members:

Mary Fliss, HCA

Michael Pickett, Point B

Lisa Kagan, rialto-Pyramid

Additional Resources:

<http://www.hca.wa.gov/k12report>

Present in the meeting in-person or conferenced-in:

Debra Campbell, WA Association of School Business Officials/Sumner SD

Monica Cripe, School District benefits broker (from Sprague Israel Giles)

Pete Cutler, Office of Insurance Commissioner

Mitch Denning, Alliance of Educational Associations (WASBO)

Christian Dube, International Union of Operating Engineers local 286

Lyn Felker, Premiera Blue Cross

Amy Fleming, Puget Sound Educational Service District

Hilary Getz, Kaiser Permanente

John Kvamme, WA Association of School Administrators/AWSP

Debra Long, WA State School Directors' Association (Boards)

Thad Mick, ODS Health
Susan Mielke, Senate Committee on Early Learning & K-12 Education
Gary Moore, Pacific Public Affairs
Doug Nelson, Public School Employees of WA SEIU 1948
Kelley Nybo, Auburn SD
Randy Parr, WA Education Association
Meg Paul, Aon Hewitt
Michael Peterson, The Sound Partnership (Tacoma Public Schools)
Molly Ringo, Everett Benefit Trust/Everett School District
Mark Rose, WA Association of Health Underwriters/The Partners Group
Jae Suzuki, Premera Blue Cross
David Westberg, Joint Council of Stationary Engineers
Marnie White, School District benefits broker (from Sprague Israel Giles)
Sean White, Mercer Consulting
Elaine Williams, Seattle Public Schools

MEETING SUMMARY:

Review and Discussion of Selected System Design

John Williams and Tim Barclay presented working documents outlining the initial consolidated system design, along with aggregated WSPIC data received to date, describing the current health benefits environment. The initial consolidated system design is still a work in progress, and some elements presented at the meeting could shift based on input and additional data. A number of issues were discussed:

Costs

The proposed system is designed such that all players in the system will have a financial obligation; every employee will have a premium share. It was pointed out that part of controlling costs is managing utilization and how people manage their own health so they don't have to use the services or use they use the services most efficiently. When employees have their "skin in the game" by having to pay some amount, they are better users of the health care system.

There is nothing in the design of the system that ties premium contribution to salaries. The quality of the benefits package provides the benchmark for that.

Opt-in/Opt-out and Voluntary vs. Mandatory Considerations

The proposed system is designed to be mandatory with criteria for opting-out. The actual criteria are not yet fully established, but it will be an option that will be discussed by the Design Team.

The Design Team has discussed the concept of a voluntary system. It was determined that a completely voluntary offering would not assure a pool sizable enough for a cost effective program.

In terms of Opt-in/Opt-Out, the current thinking is to include criteria for measuring comparability between a consolidated plan and districts' plans. If school districts demonstrate that they provide a comparable plan – measured against specific criteria – there will be an option and application process for them to opt-out. Equity in family coverage is one factor that should drive these criteria. There would be an established period of time (two to four years, perhaps) during which they would have to stay in or out for the stability of the program.

Collective Bargaining

Collective bargaining is not being eliminated. How bargaining units negotiate healthcare benefits and what aspects of those benefits are negotiable at the local level may shift under a consolidated plan. In a proposed system, unions can definitely bargain how state contributions are shared. For example, collective bargaining could result in employers paying additional costs that would reduce premiums of certain employees or bargaining units to \$0. Some of the bargaining relationships are expected to change, but collective bargaining that could impact employees' shares around benefits will not be eliminated. Premium sharing determinations will stay at the local level.

Structure/Governance/Roles

In the proposed system, HCA administers the program under a board—composition and duties not yet defined—and districts remain as the employer. The roles of the board will be about benefit design and premium sharing. Districts will retain two primary employer responsibilities: defining eligibility and paying the premium. We are proposing an eligibility level of .5 FTE based on how the district defines what is a full time position—which can vary by district.

General Concerns

Low-wage classified employees' situations differ around state. One fear is that in one district health benefits may be feasible while in others that may not be the case.

Some advisory members appreciated the design of having all employees provide some contribution, as they become better shoppers and users of the health care system.

The design is such that only employees who are .5 FTEs receive subsidies. Schools do not receive insurance benefits and funds based on employees but rather on number of students served. Some advisory team members don't want anything in the proposal that links eligibility with funded FTEs.

Update on Data Collection

As of the meeting date, HCA was waiting on two more districts with data issues to assign FTE to its members. Eight to 10 large districts have not reported their data. It appears people are working hard to get it. It is an issue of complexity. HCA is anticipating five more districts will respond. HCA is currently short data for about 35-50K employees.

According to HCA, data seem to show that employees paying the most for coverage have leaner benefits; although this topic was discussed as there was not general agreement among Advisory Team members that this was the case.

HCA would like to have as complete a database as it can get. The question was raised if advisory team members thought anything would change dramatically if HCA used what it has now. One response was that if the missing data is from the largest districts and they function differently from small and medium districts, it might impact the data.

Report out of Policy Survey data

The outcomes of the policy survey tool were shared with the Advisory Team. This tool was used to obtain feedback from the Advisory Team about what should be addressed in HCA's proposal and to determine if there were overwhelming agreements about certain policy directions. The survey tool responses will not be used by the HCA to demonstrate any sort of endorsement – positive or negative – about the Report recommendations. No significant discussion occurred.

Additional Advisory Team Meeting

An additional meeting of the Advisory Team was scheduled for Tuesday, November 29th from 9 a.m. to 12 noon.